

ADDRESSING RUSSIA'S ENERGY DOMINANCE IN EUROPE

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Abstract

Russia is one of the largest producers of energy in the world, especially when it comes to the production of natural gas. Because of its close proximity to Europe, it has always been a reliable supplier of natural gas and energy for European countries. That energy reliance can come at cost that can strain the relationship between the U.S. and countries in Europe as well as weaken institutions such as the North Atlantic Treaty Organization. This policy proposal looks at the issue of Russia's energy dominance in Europe and puts forth an alternative source of natural gas that Europe could import from in order to diversify their natural gas supply and lessen their dependence on Russian exports.

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TO: Secretary of State Mike Pompeo

FROM: Salvador Ortega

DATE: May 5, 2020

SUBJECT: Addressing Russia's Energy Dominance in Europe

I. **ACTION FORCING EVENT**

In December, 2019, the United States Congress passed the *Eastern Mediterranean Security and Energy Partnership Act of 2019* to diversify Europe's energy options and move away from reliance on Russian natural gas exports.¹ This comes at a time when Russia is trying to expand its ability to export natural gas to Europe via pipelines such as the recently completed TurkStream pipeline.²

II. **STATEMENT OF THE PROBLEM**

Russia continues to expand its ability to export its natural gas to the European Union and NATO allies, further increasing these countries dependency on Russian natural gas. If Russia is allowed to continue to invest in creating natural gas pipelines, they can use those exports as leverage to influence decision making and policies in Europe and NATO that would benefit Russia, or at least not be harmful towards Russia, and cause friction and disunity between EU and NATO members. As can be seen by Table 1, Russia is already one of the world largest exporters of natural gas, exporting around 20 percent of total world exports, the majority of which gets exported by pipeline.

¹ Prince, Todd. "Congress Passes More Legislation Aimed At Curbing Russia's Energy Grip on Europe." December 21, 2019. *Radio Free Europe Radio Liberty*. Available at: <https://www.rferl.org/a/congress-passes-more-legislation-aimed-at-curbing-russia-s-energy-grip-on-europe/30337217.html>

² Tanas, Olga. "Russia Readies New Gas Link to Europe in Defiance of U.S." January 8, 2020. *Bloomberg*. Available at: <https://www.bloomberg.com/news/articles/2020-01-08/russia-opens-natural-gas-link-to-turkey-amid-u-s-opposition>

Table 1. GECF Natural Gas Exports, 2017³

Country	Exports (bcm)	% of World Exports
Russia	230.9	20%
Qatar	121.8	11%
Algeria	53.0	5%
Nigeria	27.8	2%
Bolivia	14.9	1%
Trinidad and Tobago	13.4	1%
Iran	12.5	1%
United Arab Emirates	7.7	1%
Equatorial Guinea	4.8	<1%
Libya	4.4	<1%
Egypt	1.2	<1%
Venezuela	0.0	0%

In 2017, Russia accounted for almost 40 percent of all natural gas imports into the European Union.⁴

This already gives Russia leverage over the EU, and as they are able to increase their exports to Europe by completing pipeline projects such as NordStream2 and the TurkStream pipeline, their economic power and influence will grow in the region.

Russia has already shown that it is able and willing to use its resources to meddle in the affairs of other countries to try and destabilize governments, institutions, and group cohesion that it perceives as a threat to its own interests. Further, it is willing to use its control of natural gas exports to achieve its objective. One of the most blatant uses of this ability by Russia in recent years was in regards to Ukraine and resulted in military intervention and continued occupation of parts of Ukraine by Russian military forces.⁵ In 2014, Russia cut off natural gas because Ukraine had failed to make payments on its debts to Gazprom, the Russian owned energy company.⁶ This also followed the 2014 Russian invasion of Ukraine

³ U.S. Library of Congress, Congressional Research Service, *Gas Exporting Countries Forum (GECF): Cartel Lite?*, by Michael Ratner, IF10939 (2018). Available at https://www.crs.gov/Reports/IF10939?source=search&guid=c7f5b182ff474bf387b496ce62cb8876&index=1#_Ref520887538.

⁴ "From Where Do We Import Energy and How Dependent Are We?" Shedding light on energy on the EU. Eurostat, European Union. <https://ec.europa.eu/eurostat/cache/infographs/energy/bloc-2c.html>.

⁵ Steven Pifer. "Five years after Crimea's illegal annexation, the issue is no closer to resolution". Brookings. March 18, 2019. Available at: <https://www.brookings.edu/blog/order-from-chaos/2019/03/18/five-years-after-crimeas-illegal-annexation-the-issue-is-no-closer-to-resolution/>.

⁶ Paul Kirby, "Russia's gas fight with Ukraine." BBC News, October 31, 2014. Can be accessed out. <https://www.bbc.com/news/world-europe-29521564>.

and subsequent occupation of Crimea, showing that Russia is willing to use its gas exports as a tool to pursue their interests as well as military intervention along with their cyber and disinformation capabilities.

Another example that illustrates Russia's desire for energy dominance in Europe is the incident in Georgia in 2006 where gas pipeline explosions disrupted gas supplies in that country. Russia had been pressuring the pro-western government of Georgia to sell Russia its pipeline so that Russia could have control of the transportation of natural gas to the region and gain access to Iran.⁷ Even though the Georgia incident did not end up working in Russia's favor due to the fact that Georgia blamed Russia for the explosions and Russia blamed insurgents, and Georgia ultimately did not sell the pipeline to Russia, the example shows that Russia places a significant amount of importance on the movement and control of natural gas in pursuing its interests.

The instances with Ukraine and with Georgia help to illustrate why Russia feels a need to construct both the Nord Stream 2 and Turkstream pipeline. Russia wants to be able to control the flow of natural gas from Russia to wealthier western European countries like Germany without having to pay and deal with previously constructed pipelines through countries such as Ukraine. By being the largest provider of natural gas for a country's needs, Russia can use that relationship to leverage influence over the importing country to try and sway policies that would either be favorable to Russia, or at least less harmful to Russia while straining and possibly fracturing the relationships and cohesion between EU member countries and NATO allies.

A final problem with Russia's pursuit of energy dominance of Europe is how Gazprom operates and the relationship between Gazprom and Kremlin officials. The Russian government owns just over 50% of Gazprom, meaning that the gas company operates more as an arm of the Russian government

⁷ Karen Smith Stegen. "Deconstructing the "energy weapon": Russia's threat to Europe as case study." Jacobs University Bremen, Germany. Elsevier. July, 2011.

than it does as a private energy company.⁸ This allows the Kremlin to use Gazprom as a tool when deciding how Gazprom should go about collecting debt, like the Ukraine example where Gazprom shut off access to natural gas, and the type of projects Gazprom gets involved in, such as the Nord Stream 2 pipeline and Turkstream pipeline project. Gazprom also has very close ties to the Kremlin and Russian leadership. For example, before becoming Russia's President in 2008, Dmitry Medvedev served as Chairman of the Board of Gazprom in 2000.⁹ With the relationship between the government and board officials, Gazprom is able to operate as a state-owned energy company at times and can be a powerful tool for Putin and the Russian government to use against Europe and the West. If European countries are reliant on natural gas imports from Russia to fulfil their energy needs, it puts those countries and leaders in a difficult situation to deal with Putin and the Russian government, and potentially give in to their demands.

⁸ Gazprom. "Shares". Available at: <https://www.gazprom.com/investors/stock/>.

⁹ Karen Smith Stegen. "Deconstructing the "energy weapon": Russia's threat to Europe as case study." Jacobs University Bremen, Germany. Elsevier. July, 2011.

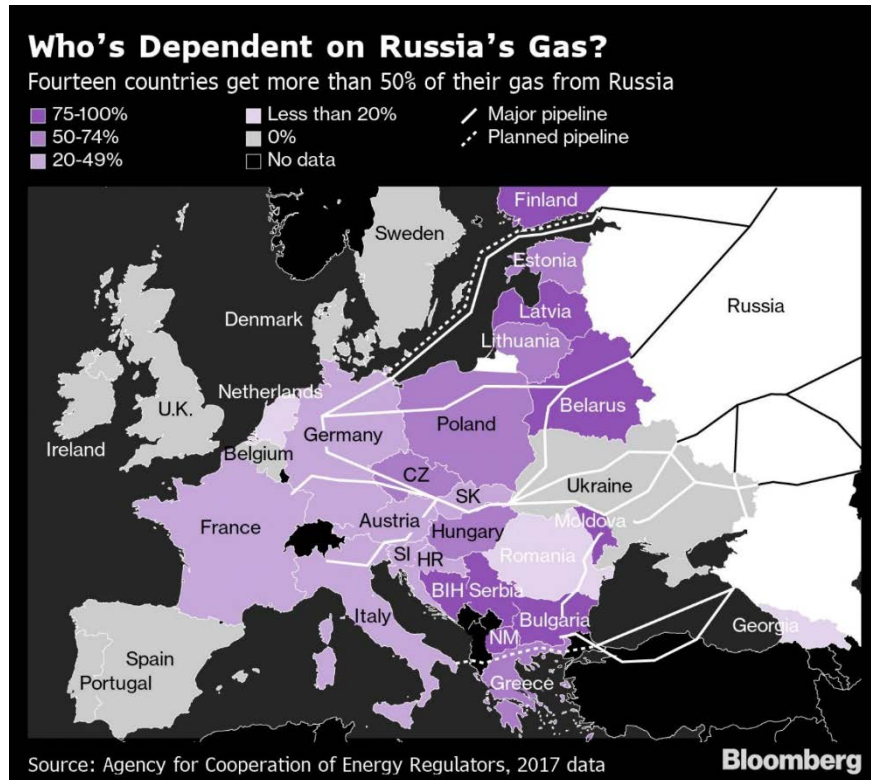
III. History and Background

Russia has historically been, and continues to be, one of the largest natural gas producers in the world. According to the U.S. Energy Information Administration, as of 2017, Russia holds the largest reserves of natural gas in the world, an estimated 1,688 trillion cubic feet (Tcf). Natural gas exports make up around 13% of Russia's total export revenue with around 90% of Russia's natural gas being exported by pipelines to customers in Europe such as Germany, Turkey, and Italy.¹⁰ Due to natural gas playing such an important role in Russia's economy, Russia has made great effort in the development and construction of pipelines within its borders as well as throughout Europe. When Russia was still the Soviet Union, many of the natural gas pipelines that were built were through former Soviet states such as Ukraine and Belarus. This proved to be the most direct way to export natural gas throughout its territory when the countries were under the control of Moscow. However, with the fall of the Soviet Union and the independence of many former Soviet countries, Russia needed to be able to construct new pipelines that would give them access to the European market in case countries such as Ukraine and Belarus became difficult to work with or outright refused to work with Russia.

The Ukraine crisis of 2014 is a good example of the interests of Russia and Ukraine differing and Russia does not want to be in a situation where they have to give in to demands from Ukraine and interrupting natural gas exports to Europe. Figure 1 below illustrates just where many of the natural gas pipelines from Russia to Europe are.

¹⁰ "U.S. Energy Information Administration – EIA- Country Analysis Brief: Russia." October 31, 2017. Accessed at: https://www.eia.gov/international/content/analysis/countries_long/Russia/russia.pdf.

Figure 1¹¹



As can be seen by Figure 1, many of the pipelines from Russia go through Ukraine and Belarus. Because of this Russia has placed an importance on constructing the Nord Stream, Nord Stream 2, and Turkstream pipelines so that it has more direct control over the natural gas from Russia to Europe. This is because they do not want to be stuck in a situation that they had previously been in with Ukraine where they limit the amount of natural gas they pipe through Ukraine and instead of Ukraine sending it through to Europe, Ukraine takes it for their needs and then blames the lack of European natural gas availability on Russia.¹²

Nord Stream and Nord Stream 2 both have the capacity to carry 1.9 trillion cubic feet of natural gas per year directly from Russia to Germany, and from there Germany can choose to consume it for its

¹¹ Shiryayevskaya, Anna and Khrennikova, Dina. "Why the World Worries About Russia's Natural Gas Pipeline." November 6, 2019. *The Washington Post*. Available at: https://www.washingtonpost.com/business/energy/why-the-world-worries-about-russias-natural-gas-pipeline/2019/10/31/c3c12892-fbfb-11e9-9e02-1d45cb3dfa8f_story.html.

¹² Collins, Gabriel. *Russia's Use of the "Energy Weapon" in Europe*. Houston, TX: Baker Institute for Public Policy, July 18, 2017.

own energy needs, or export it to other countries throughout Europe.¹³ Through the Nord Stream 1 pipeline and other means, Russia already supplies Europe with a large percentage of their gas imports by making up 23% of UK gas imports, 25% in France, 62% in Germany, and 64% in Poland.¹⁴ The Nord Stream 2 pipeline is the second pipeline from Russia to Germany through the Baltic Sea. It is a 1,200-kilometer (about 750 mile) long pipeline and would be able to carry an additional 55 billion cubic meters of natural gas per year, the same amount as the Nord Stream pipeline which effectively doubles the amount of natural gas Russia can export through this corridor.¹⁵ The dependence of European countries on Russian energy and natural gas places many of the countries in situations where Russia has leverage over them by threatening to cut off gas exports to countries such as Germany, giving Russia an unnecessary amount of influence over policy outcomes.

Even though Russia has shown and continues to show a habit of being antagonistic towards the West and Europe and meddling in democratic processes and policies, why then do European countries like Germany continue to enter into agreements with Russia to continue to use Russian natural gas as a means of energy consumption? The same explanation for oil can be given in the case of natural gas. During the oil price disputes of the 1970's and 1980's, Europe sought to diversify where they sourced their petroleum from in case issues in the middle east became volatile and they lost access or the supply of oil was disrupted.¹⁶ These disruptions led to European nations going against U.S. President Ronald Regan and U.S. policy by agreeing buy petroleum from the Soviet Union and the construction of oil pipelines. European countries such as Germany and the United Kingdom approached the decisions they made after the oil price disputes by looking at their own energy security needs regardless of the potential risks that purchasing energy from the Soviet Union held. To dissuade European countries from

¹³ "U.S. Energy Information Administration – EIA- Country Analysis Brief: Russia." October 31, 2017. Accessed at: https://www.eia.gov/international/content/analysis/countries_long/Russia/russia.pdf.

¹⁴ Collins, July 18, 2017.

¹⁵ Nord Stream 2. Gazprom. <https://www.gazprom.com/projects/nord-stream2/>.

¹⁶ Daniel Yergin, *The Prize: The Epic Quest for Oil, Money & Power* (New York: Free Press, 2009), 742-744.

purchasing energy from the Soviet Union, then President Reagan instituted policies where he banned the export of compressors and pumps that General Electric produced that were used in gas pipelines, and when contractors decided to look for non-U.S. manufactured alternatives, President Reagan imposed similar bans to non-U.S. manufacturers that used U.S. technology or parts in their products.¹⁷ Even though President Reagan and the U.S. had good relationships with both the United Kingdom and West Germany and their leaders, both the United Kingdom and West Germany ultimately ignored the bans and policy decisions by President Reagan and decided to import energy from Russia because they viewed it as necessary for their energy security and industry needs.

In the current case of natural gas, a similar situation is occurring in regards to the relationship between some European nations and Russia. This idea of diversifying energy needs and supplies is something that many European countries continue to address. Germany, for example, has to import about 90% of its total natural gas supply needs, and roughly 40% of that natural gas comes from Russia.¹⁸ However, even though Germany has to import most of its natural gas needs, natural gas only makes up about 23% of Germany's energy needs. Germany has also been investing and transitioning to using renewable energy in order to make itself less reliant on fossil fuels such as oil and natural gas. In fact, Germany has a plan to make renewable energy to be about 60% of its final energy consumption by 2050, and in 2014 renewable energy generated about 27% of Germany's energy needs.¹⁹ Even though Germany approves of projects such as Nord Stream and Nord Stream 2, they are trying to diversify the types of energy they use so as to not be overly reliant on one form of energy.

Other countries, such as France, are turning towards importing Liquefied Natural Gas, LNG, as a way of mitigating a reliance on Russia for its natural gas needs. France imports about 25% of its natural

¹⁷ Marshall Goldman, *Petrostate: Putin, Power, and the New Russia* (Oxford: Oxford University Press, 2008), 137-138.

¹⁸ "U.S. Energy Information Administration – EIA – Independent Statistics and Analysis." Germany – International – Analysis- U.S. Energy Information Administration (EIA). <https://www.eia.gov/beta/international/analysis.php?iso=DEU>.

¹⁹ Julian Wettengel. "Germany's Dependence on Imported Fossil Fuels." Clean Energy Wire, August 27, 2019. <https://www.cleanenergywire.org/factsheets/germanys-dependence-imported-fossil-fuels>

gas from Russia, but natural gas is only about 14% of its energy needs. However, France also imports a lot of LNG from Algeria since it has LNG terminals, and in 2015, France imported about 210 billion cubic feet of LNG with over 60% of these imports being from Algeria.²⁰ Another place to source LNG would be from the United States. Since 2016, the United States has begun to export LNG to countries around the world with total LNG exports growing by 53% in 2018 compared to 2017.²¹

Although this is a good alternative to Russian natural gas, and it is in the U.S. interest to sell its LNG to Europe, the main issue with LNG is that it is expensive and difficult to move. There needs to be a LNG terminal that changes the natural gas from its gas form to a liquid, then it needs to be stored properly for shipment, and then the recipient needs to have the LNG terminal to turn the natural gas back from a liquid into its gas form for consumption. This is an expensive process and some countries, like Germany, do not even have LNG terminals to perform this process.²² So even if the U.S. can export LNG to Germany, Germany has no way to make use of it. This is one of the main reasons why Germany has gone against the advice of the United States Congress and different Presidential administrations, and why Germany is such as supporter of continuing the Nord Stream and Nord Stream 2 pipeline projects with Russia. Although they know the security risks, they also know that they need a certain amount of natural gas in order to fulfil their energy needs, and it is more cost effective and faster to construct pipelines to import natural gas than it is to construct LNG terminals.

When it comes to this policy proposal, it is important to mention which countries are involved with which pipelines that have made the situation what it is today. In the case of the Nord Stream and Nord Stream 2 pipelines, the main countries involved are Germany and Russia. The pipelines serve as a way for Germany to get direct access to Russian natural gas from Russia, and Germany's government

²⁰ "U.S. Energy Information Administration – EIA – Independent Statistic Analysis." France – International – Analysis – U.S. Energy Information Administration (EIA). <https://www.eia.gov/beta/international/analysis.php?iso=FRA>.

²¹ "Interactive Map: U.S. Liquefied Natural Gas Exports Breaking Records." Energy.gov. U.S. Department of Energy. <https://www.energy.gov/articles/interactive-map-us-liquefied-natural-gas-exports-breaking-records>.

²² eia.gov, Germany

works to actively change their domestic laws to ensure that the pipeline meet European Union regulations.²³ Turkey is another major player in gas pipelines to Europe. As mentioned in the action forcing event section, Turkey and Russia have recently completed the TurkStream pipeline, and if expanded upon this would be another way for Russian natural gas to get to countries in Europe.

On the other hand, Greece, Italy, and France are working to try and use the Eastern Mediterranean Gas Forum in order to get pipelines built that would supply natural gas to Europe from a source that is not Russia.²⁴ The Eastern Mediterranean Gas Forum is a recently established forum that comprises Egypt, Israel, Cyprus, Greece, Italy, Jordan, and the Palestinian Authority aimed at coordinating regional energy policies and attempting to develop the regions gas market.²⁵ The creation of the Eastern Mediterranean Gas Forum could prove to be a viable alternative supply of natural gas for European countries, especially with the interest of European countries such as Italy and France in pursuing alternate supplies to Russia.

When addressing Russia's use of natural gas as a weapon or means of influence over Europe, it is important to note just how close the leadership of Russia's natural gas company, Gazprom, and Putin and the Kremlin are. When Russian President Vladimir Putin first came to power in 2000, he made it a priority of his to address the corruption and mismanagement of Gazprom by replacing its leadership with his own friends and allies. He replaced former Gazprom CEO Rem Vyakhirev with his friend Alexei Miller and had Dmitry Medvedev serve as the Chairman of the Board of Gazprom prior to Medvedev becoming Russia's President in 2008.²⁶ With the Russian government being the majority shareholder of Gazprom and with Putin allies being in leadership positions, this essentially gave and continues to give

²³ Joseph Nasr. "Germany makes legal changes to ease completion of Russian gas pipeline". Reuters. November 13, 2019. Available at: <https://www.reuters.com/article/us-germany-russia-pipeline/germany-makes-legal-changes-to-ease-completion-of-russian-gas-pipeline-idUSKBN1XN2I1>.

²⁴ Ahmed Ismail. "France asks to join Eastern Mediterranean Gas Forum". Reuters. January 16, 2020. Available at: <https://www.reuters.com/article/us-egypt-gas/france-asks-to-join-eastern-mediterranean-gas-forum-idUSKBN1ZF1V2>.

²⁵ Nael M. Shama. "Gas and Conflict in the Eastern Mediterranean". Atlantic Council. February 19, 2019. Available at: <https://www.atlanticcouncil.org/blogs/energysource/gas-and-conflict-in-the-eastern-mediterranean/>

²⁶ Marshall Goldman, *Petrostate: Putin, Power, and the New Russia* (Oxford: Oxford University Press, 2008), 140-142.

the Russian government control of one of the largest natural gas companies in the world and enables them to wield its power and influence as it sees fit. This becomes a major issue when other pipeline projects are being worked on by other countries that would go around Russian controlled pipelines because Putin is able to use the power of Gazprom to go to other countries and give them a better pipeline option or help broker a new contract that would give the country a lower rate than the global market rate.²⁷

Currently there are several bills in the United States Congress that look to address Russia's expanding influence Europe's energy sector. One such bill is a sanctions bill that addresses the construction of the Nord Stream 2 pipeline which was introduced by United States Senators Cruz, Shaheen, Barrasso, and Cotton called S. 1441, the Protecting Europe's Energy Security Act of 2019.²⁸ This bill would impose sanctions against persons and entities (vessels) that engaged in laying down the pipeline, sold, leased, or provided vessels for the construction of the Nord Stream 2 pipeline. This sanctions bill would not punish Germany from accepting the imported gas from a completed Nord Stream 2 pipeline, but would target those involved with the construction of the pipeline. It requires the Secretary of State to put together a list of the parties involved with the construction and, in consultation with the Secretary of the Treasury, submit a list of all of the entities to the appropriate congressional committees so that they can be reviewed and sanctioned from the U.S. financial system. Presumably, many of the sanctioned individuals and companies will be Russian since Russian entities were the most heavily involved in the construction of the Nord Stream 2 pipeline, however, according to this bill, that is up for the Secretary of State and Secretary of Treasury to decide.

²⁷ Ibid, 145-152.

²⁸ Ted Cruz. "S.1441 – 116th Congress (2019-2020): Protecting Europe's Energy Security Act of 2019." Congress.gov. <https://www.congress.gov/bill/116th-congress/senate-bill/1441/text>.

Although the U.S. has made its position on the expansion of Russian natural gas capabilities in Europe clear, Europe continues to push forward with Russia's natural gas pipeline projects. In the case of Nord Stream 2, one reason why the construction of the Nord Stream 2 pipeline had been delayed was because Denmark was holding out on giving the project the green light since some of the pipeline passes through Danish territories. However, as of October 2019, Denmark gave Russia the go ahead on finishing the pipeline project as a way to snub the President of the United States since both leaders had some public disagreements over various issues such as the President discussing buying Greenland and later cancelling a trip to Denmark.²⁹ Even with the possible threat of sanctions, Nord Stream 2 looks to be on its way towards completion, and with its completion Russia will be able to double to amount of natural gas that it can export to Germany.

²⁹ Morten Buttler, William Wilkes, and Anna Shiryayevskaya. "Denmark Snubs Trump With Approval of Russian Gas Pipe to Germany." Bloomberg Government. BGOV, October 30, 2019. <https://www.bgov.com/core/news/#!/articles/Q079BD6S974Z>.

IV. Policy Proposal

The policy proposal is to have the United States support the Eastern Mediterranean Gas Forum and work with allies and partner countries to support a natural gas pipeline from the natural gas fields off the coast of Israel and Egypt to Europe so that countries in Europe can have an alternate source of natural gas to import. This can be done by using the Eastern Mediterranean Gas Forum as a platform to gather support and cooperation among allies, and by the United States bringing in and leveraging the private sector to help provide assistance and guidance on the construction of a natural gas pipeline. The U.S. should back the recently proposed EastMed gas pipeline that Greece, Israel and Cyprus have agreed to pursue, as well as continue to be supportive of the Eastern Mediterranean Gas Forum by offering technical expertise and security support.³⁰

a) Policy Goal

The goal of this policy proposal is to combat Russia's growing natural gas dominance of Europe. This can be done by providing Europe with an alternate source of natural gas from which to import via pipeline resulting in a reduction of Russian natural gas imports, thus shrinking reliance on Russian natural gas for Europe, and diminishing Russia's economic growth and potential political influence over Europe. By having the United States engaging in and supporting natural gas pipeline in the Eastern Mediterranean region, Russia will be less likely to interfere and Europe will have more alternatives for obtaining natural gas. The success of the policy proposal would be measured by the amount of natural gas that a newly constructed pipeline would be able to ship to Europe and a reduction of natural gas exported from Russia to Europe, which in turn reduces Russian profits and economic power. Whether or not the United States is the one to construct the pipeline does not matter to the goal of the policy. The

³⁰ Angeliki Koutantou. "Greece, Israel, Cyprus sign East Med gas pipeline deal". Reuters. January 2, 2020. Available at: <https://www.reuters.com/article/us-greece-cyprus-israel-pipeline/greece-israel-cyprus-sign-eastmed-gas-pipeline-deal-idUSKBN1Z10R5>.

United States can act as an advisor and work with partners on the ground that end up constructing the pipeline or pipelines, such as any of the energy companies that are from countries that are a part of the Eastern Mediterranean Gas Forum. The important goal and success of the policy is the reduction of Russian exports of natural gas to Europe.

b) Policy Authorization

The policy proposal uses several pieces of legislation that have been enacted into law in order to authorize the successful implementation of this policy. The first piece of legislation that would be used to authorize this proposal is the *Eastern Mediterranean Security and Energy Partnership Act of 2019* which was recently passed and became law in December, 2019 in H.R.1865, the *Further Consolidated Appropriations Act of 2020*.³¹ The bill authorizes the Department of State to enter into agreements in order to enhance the cooperation on energy issues between the United States, Israel, Greece, and Cyprus. It also requires that the Department of State reports on a strategy for enhancing security and energy cooperation with Eastern Mediterranean countries, malign Russian influence in the region, and violations of Cyprus's exclusive economic zone and Greece's airspace.³² This gives the Department of State the authority to discuss and enter into agreements that would accomplish the goals set out by this proposal, as well as require data to be collected and reports submitted on Russian activity in the region that could be disruptive to the construction of a natural gas pipeline. Under this authority, the Department of State should be able to request to join the Eastern Mediterranean Gas Forum as a permanent member. This would allow the U.S. to be at the table and be able to increase its influence over the decisions made by the gas forum and be a bigger part of any joint ventures the forum decides to undertake.

³¹ Public Law 116-94. December 20, 2019. 515-522. Available at: <https://www.congress.gov/116/bills/hr1865/BILLS-116hr1865enr.pdf>

³² Ibid.

The second important piece of legislation that can be used to authorize this proposal is the *Better Utilization of Investments Leading to Development Act of 2018* or the *BUILD Act of 2018* which became law on October 5, 2018 after passing H.R.302, the FAA Reauthorization Act of 2018.³³ This bill establishes the United States International Development Finance Corporation, which is to replace the Overseas Private Investment Corporation. The United States International Development Finance Corporation will be able to make loans or loan guarantees, be a minority investor to acquire equity or financial interests in entities, provide insurance or reinsurance to private sector entities and qualifying sovereign entities, provide technical assistance administer special projects, establish enterprise funds, issue obligations, and charge service fees.³⁴ The BUILD Act allows the U.S. government to bring in the private sector on development and infrastructure projects so that U.S. government dollars and private sector dollars can be used to accomplish development goals. Through the BUILD Act, private sector energy and construction companies can be brought in to help advise, and if they wish, help construct a natural gas pipeline, such as the EastMed pipeline, or any other pipeline project to send gas from the Eastern Mediterranean to Europe.

Both the *Eastern Mediterranean Security and Energy Partnership Act of 2019*, and the *BUILD Act of 2018* are new authorities created that have not been able to show any results from their enactment yet. Although the *BUILD Act of 2018* established the U.S. International Development Finance Corporation, it did not receive any appropriations until the recently passed *Further Consolidated Appropriations Act of 2020* which means it was effectively unable to operate as intended and pursue projects until it received its appropriations.³⁵ Because the IDFC is new, this could be one of the first instances in which it uses its resources and authority to help advise and provide technical assistance to the Eastern Mediterranean

³³ Public Law 115-254. October 5, 2018. 301-335. Available at <https://www.congress.gov/115/plaws/publ254/PLAW-115publ254.pdf>

³⁴ Ibid

³⁵ Public Law 116-94. December 20, 2019. 307-308. Available at: <https://www.congress.gov/116/bills/hr1865/BILLS-116hr1865enr.pdf>.

Gas Forum and the construction of the EastMed pipeline, even if the U.S. government or private sector does not actively participate in the construction of a pipeline and instead acts as an advisor.

c) Policy Implementation

This policy will be implemented by several different agencies and institutions working together in coordination in order to achieve the policy goals. The United States Department of State will be the main coordinating implementor since they have the authority and mandate to engage with foreign governments and entities on behalf of the U.S. government. The United States International Development Finance Corporation will be another main implementor working in coordination with the Department of State since they have the authority to leverage and finance development projects and will be key in bringing in private sector engagement and resources from the United States as well as in the Eastern Mediterranean region. The IDFC can take this opportunity to use its new resources and created authorities to help provide technical assistance and guidance to the EastMed pipeline project. It can help bring in U.S. private sector energy companies to work with and help advise the energy companies and governments involved in the construction of the pipeline such as Israel, Greece, and Cyprus.³⁶

The policy can be implemented by whoever the U.S. decides to appoint as their representative to the Eastern Mediterranean Gas Forum once they request to become a full member for the gas forum, and not just being an observer of the forum as it currently is. Additionally, the coordination could be aided by and overseen by the creation of a Special Envoy for the Eastern Mediterranean. The special envoy would work with the different agencies of the Department of State that will be interacting in the area, the Department of Energy, the U.S. International Development Finance Corporation, and private

³⁶ Nikos Tsafos. "Can the East Med pipeline Work?". CSIS. January 22, 2019. Available at: <https://www.csis.org/analysis/can-east-med-pipeline-work>.

sector partners similar to the creation of other special envoy positions in the past for when the U.S. views a region or project as being vital for U.S. foreign policy and security goals.³⁷ Successful implementation of this policy would be when members of the Eastern Mediterranean Gas Forum cooperate to construct a natural gas pipeline from the Eastern Mediterranean to Europe, such as the EastMed pipeline or another pipeline, and it is able to be a viable alternative source of natural gas so European countries do not have to rely on importing from Russia.

³⁷ Humeyra Pamuk. "U.S. creates new envoy position to counter rising terrorism in Sahel". Reuters. March 6, 2020. Available at: <https://www.reuters.com/article/us-usa-sahel/u-s-creates-new-envoy-position-to-counter-rising-terrorism-in-sahel-idUSKBN20T2ZJ>.

V. Policy Analysis

The success of this policy will be seen in the successful coordination and completion of either the EastMed pipeline, or any subsequent pipeline constructed by the Eastern Mediterranean Gas Forum done with U.S. involvement and resulting in a decrease of natural gas imports by the European Union from Russia. In the beginning of 2020 the United States expressed its desire to be a permanent observer of the Eastern Mediterranean Gas Forum, however, the U.S. should go a step further and ask to become a member, like France recently has, in order to be better situated to achieve policy goals and objectives.³⁸ In order to accomplish this a comparative look at the construction costs and amount of natural gas transported needs to be looked at between the EastMed pipeline and the Nord Stream pipeline.

Comparison - Construction and Cost of Pipelines:

When analyzing the cost and purpose of the EastMed pipeline and any subsequent natural gas pipelines in the Eastern Mediterranean region, it is necessary to compare the reasons and cost behind the pipeline to what the pipelines are competing against, since they are being offered as a viable alternative to Russian exports. The idea of running two natural gas pipelines parallel to each other comes from Russia's Nord Stream and Nord Stream 2 pipelines from Russia to Germany. For the purpose of this section, the Nord Stream pipeline will be compared to the East Med pipeline, and Nord Stream 2 can be compared to a future pipeline.

The Nord Stream pipeline was completed in 2012, is 1,224 kilometers long and able to carry 55 billion cubic meters of gas per year.³⁹ The pipeline ended up costing €8.8 billion Euros, or around \$9.8 billion U.S. dollars.⁴⁰ Nord Stream was financed and is owned by a combination of European and Russian

³⁸ Ahmed Ismail. "France asks to join Eastern Mediterranean Gas Forum". Reuters. January 16, 2020. Available at: <https://www.reuters.com/article/us-egypt-gas/france-asks-to-join-eastern-mediterranean-gas-forum-idUSKBN1ZF1V2>.

³⁹ Nord Stream. Gazprom. Available at; <https://www.gazprom.com/projects/nord-stream/>.

⁴⁰ Atle Staalsen. "Nord Stream More Expensive". Barents Observer. March 17, 2010. Available at: <https://barentsobserver.com/en/sections/briefs/nord-stream-more-expensive>.

energy companies, however Gazprom does own 51 percent of the project, giving it a controlling interest and say when it comes to gas shipments and profit.⁴¹ The Nord Stream pipeline was the first of two pipeline projects that Russia and Germany have worked on over the past decade in order for Germany to have more direct access to natural gas, and was an opportunity for Russia to expand its influence and ability to export natural gas to Europe without having to use the existing pipeline in Ukraine. The completion of the pipeline allowed for a more direct transfer of natural gas from Russia to Germany and Central Europe and also cost Ukraine around \$720 million in lost transit fees.⁴² Thanks in part to the completion the Nord Stream pipeline, Russia was able to increase the amount of natural gas that countries need to import from it to fulfill their needs. For example, in 2015, several years after the completion of Nord Stream, Russian natural gas accounted for over 40 percent of Italy's gas consumption and about one third of Germany's gas consumption.⁴³ The Nord Stream pipeline made natural gas cheaper for Germany and other central European countries, however it came at the cost of increasing Russia's economic and soft power in the region.

The EastMed pipeline is designed to supply Europe with natural gas and be a viable alternative for European countries to import gas from instead of from Russia. In 2010, the U.S. Geological Survey issued a report estimating that there were between 3.5 trillion and 6.3 trillion cubic meters of natural gas located in this area of the Eastern Mediterranean.⁴⁴ The Proposed EastMed pipeline is a 1,300 mile, or about 2,100 kilometer, long pipeline that would connect the natural gas fields found in the Eastern Mediterranean to Greece, and then from Greece to Italy and on to Europe, at an estimated cost of €6

⁴¹ Nord Stream. "Our Shareholders". Available at: <https://www.nord-stream.com/about-us/our-shareholders/>.

⁴² "Nord Stream costs Ukraine \$720 million". United Press International. May 20, 2011. Available at: <https://upi.com/3230240>.

⁴³ Aune, Finn Roar, Rolf, Golombek, Arild Moe, Knut Einar Rosendahl, Hilde Hallre Le Tissier. 2017. "The Future of Russian Gas Exports. *Economics of Energy and Environmental Policy* 6, no. 2 (September 2017): 111-35. doi: <http://www.iaee.org/en/publications/eeepjournal.aspx>.

⁴⁴ C.J. Schenk, M.A. Kirschbaum, and R.R. Charpentier, et al. *Assessment of Undiscovered Oil and Gas Resources of the Levant Basin Province, Eastern Mediterranean*. U.S. Geological Survey. March 12, 2010. Available at: <https://pubs.usgs.gov/fs/2010/3014/>.

billion Euros, or about \$6.7 billion dollars.⁴⁵ The pipeline is being constructed by a group of energy companies from Greece, Italy, and Israel, and is working in conjunction with the Eastern Mediterranean Gas Forum.⁴⁶ Even though the distance of EastMed is longer than Nord Stream and the cost is cheaper, it is projected that the EastMed will only be able to supply about 4 percent of the European Union's annual natural gas imports.⁴⁷ Although 4 percent of natural gas supply doesn't seem like much when compared to the amount that Russia is able to supply Europe with, if the EastMed pipeline proves to be a viable alternative for Europe to procure natural gas instead of Russia, then that 4 percent is important in order to decrease dependence on Russia and decrease Russia's economic power in Europe.

The completion of Nord Stream 2 will effectively double the amount of natural gas Russia is able to supply to Germany through the same route as the Nord Stream pipeline.⁴⁸ If you include the recently completed TurkStream pipeline, and if they decide to extend its services farther into Europe, then Russia is doing an excellent job of cutting out Ukraine of the natural gas supply chain and increasing its ability to deliver natural gas at a cheap rate to Europe in order to incentivize Europe to not look for alternatives for natural gas needs.⁴⁹ That is why a second pipeline is recommended to go along with the completion of the EastMed pipeline. Even if the second pipeline runs parallel to the EastMed pipeline and can only transport the same amount of natural gas as the EastMed, that is a move towards an alternative from Russian natural gas and decreases the reliance on Russian natural gas and the ability of Russia to benefit financially from their pipelines. If the Nord Stream pipeline was able to decrease revenues in Ukraine by

⁴⁵ Scott Carpenter. "New Pipeline Deal Gives Europe Access To Eastern Mediterranean Gas Reserves, Angering Turkey." *Forbes*. January 2, 2020. Available at: <https://www.forbes.com/sites/scottcarpenter/2020/01/02/new-gas-pipeline-deal-gives-europe-access-to-eastern-mediterranean-reserves-angering-turkey/#7901a4421c69>.

⁴⁶ Whiteaker, Jon. "Israel, Greece and Cyprus Sign on EastMed Pipeline." *IJGlobal*. January 3, 2020. Available at: <https://ijglobal.com/articles/144777/israel-greece-and-cyprus-sign-on-eastmed-pipeline>.

⁴⁷ Scott Carpenter.

⁴⁸ Nord Stream 2. Gazprom. Available at: <https://www.gazprom.com/projects/nord-stream2/>.

⁴⁹ Sara Garding and Michael Ratner, et al. "TurkStream: Russia's Newest Gas Pipeline to Europe". Congressional Research Service. February 5, 2020. Available at: <https://www.crs.gov/Reports/IF11177?source=author>.

about \$720 million dollars a year as mentioned earlier, then these pipelines have the ability to impact Russia financially in a substantial way.

Impact:

The impact of this policy proposal would bring several benefits not only to U.S. interests and European energy security, but to the Eastern Mediterranean region as a whole. The first and main benefit of this policy proposal, which has been mentioned before, is that the Eastern Mediterranean Gas Forum and the EastMed pipeline offer a viable alternative for European countries to import natural gas and not be as reliant on Russia. As mentioned earlier, Russia already exports a large share of Europe's total natural gas consumption and in the case of some countries it can supply up to one third of a country's gas imports.⁵⁰ However, the EastMed pipeline, and subsequent pipelines that come from the Eastern Mediterranean area, have the potential to offset some of those imports from Russia.⁵¹ This is important because even though the EastMed pipeline and any additional pipelines will not be able to replace Russia, it can reduce Russia's market share. This would reduce not only Russia's economic power, but also Russia's ability to use their natural gas exports as a form of soft power to influence the actions of individual countries in Europe, the European Union as a whole, or NATO.⁵² The EastMed pipeline is useful since there are some countries in Europe, such as Germany, that do not have Liquefied Natural Gas terminals in their country, so they rely on importing natural gas by pipeline, whether that is through a direct pipeline from Russia or through another system of pipelines that connect Europe.⁵³

Another benefit that the Eastern Mediterranean Gas Forum and the EastMed pipeline have is that it can bring financial benefits for the countries involved in the gas forum and in the construction of the pipeline, in an area where some of the parties involved have historically not had the best of relations

⁵⁰ Collins, Gabriel. *Russia's Use of the "Energy Weapon" in Europe*. Houston, TX: Baker Institute for Public Policy, July 18, 2017.

⁵¹ Michael Ratner. "European Energy Security: Options for EU Natural Gas Diversification". Congressional Research Service. February 26, 2020. Available at: <https://www.crs.gov/Reports/R42405?source=author>.

⁵² Collins, Gabriel.

⁵³ "U.S. Energy Information Administration – EIA – Independent Statistics and Analysis." Germany – International – Analysis- U.S. Energy Information Administration (EIA). <https://www.eia.gov/beta/international/analysis.php?iso=DEU>.

and in an area of the world that is volatile. Membership of the Eastern Mediterranean Gas Forum is comprised of Cyprus, Egypt, Israel, Greece, Italy, and Jordan.⁵⁴ Countries such as Egypt, Israel, and Jordan have not gotten along well historically, and the gas forum and EastMed pipeline offers an opportunity for them to work together in mutual cooperation in order for the region to benefit financially. Countries such as Greece and Italy were hit fairly hard during the 2008 financial crisis with Greece needing, and completing, a financial bailout from the European Union.⁵⁵ Countries like Greece are still struggling with a high unemployment rate of 16.3 percent and a high youth unemployment of 34.7 percent, the gas forum and any pipeline projects would have a significant economic impact on all of the countries involved.⁵⁶

There are several risks associated with this policy proposal that may or may not occur depending on the situation in the region going forward, but that are important bring up for awareness. The first risk comes from the membership of the Eastern Mediterranean Gas Forum, or lack of membership, and lack of involvement in the EastMed Pipeline, Turkey. Turkey was not invited to be a part of the Eastern Mediterranean Gas Forum and has been against the EastMed pipeline. They have worked with Russia over the past several years to approve and construct the TurkStream pipeline that would send natural gas from Russia to Turkey, and then from Turkey to Eastern Europe and on to the rest of Europe.⁵⁷ Soon after the announcement of the EastMed pipeline, Turkey announced a maritime border delineation deal with Libya, claiming the sea space that the East Med pipeline was going to be built in as a part of a Turkey-Libya maritime zone.⁵⁸

⁵⁴ Ahmed Ismail. "France asks to join Eastern Mediterranean Gas Forum". Reuters. January 16, 2020. Available at: <https://www.reuters.com/article/us-egypt-gas/france-asks-to-join-eastern-mediterranean-gas-forum-idUSKBN1ZF1V2>.

⁵⁵ "Greece emerges from eurozone bailout programme". BBC. August 20, 2018. Available at: <https://www.bbc.com/news/business-45243088>.

⁵⁶ Trading Economics. "Greece Youth Unemployment Rate 1998-2019 Data". Available at: <https://tradingeconomics.com/greece/youth-unemployment-rate>.

⁵⁷ TurkStream. Gazprom. Available at: <https://www.gazprom.com/projects/turk-stream/>.

⁵⁸ Ariel Cohen. "Turkey-Libya Maritime Deal Upsets Mediterranean Energy Plan". Forbes. January 8, 2020. Available at: <https://www.forbes.com/sites/arielcohen/2020/01/08/turkey-libya-maritime-deal-upsets-mediterranean-energy-plan/#4e7007dc6bee>.

Another risk associated with the policy proposal is Russia's reaction to any new pipelines that are not under their control. Research by Nathalie Hinchey found that when Russia is faced with natural gas competition, they lower their prices in order to compete and be the better choice. For example, when Lithuania build a liquified natural gas terminal to import LNG from other countries, they were able to get a 23% price decrease in natural gas from Russia since Russia did not want to lose out on exports to Lithuania.⁵⁹ This means that once the EastMed pipeline is built and any subsequent pipelines are build, that Russia may just lower the cost of natural gas they export to European countries, such as Germany, that it makes the EastMed and other pipelines unaffordable and unable to compete with Russian prices.

A final risk that should be addressed that is associated with this policy proposal is the fact that European countries are going to pursue natural gas import policies that are in their own financial interest. Germany is a good example showing this point. Even though the U.S. and other countries had warned Germany and voiced their disapproval over the Nord Stream and Nord Stream 2 pipelines over security concerns, Germany still went ahead with both pipelines because it was more economically viable for them then constructing liquified natural gas terminals and was more reliable than getting it piped through Ukraine and the rest of Eastern Europe. Even though the EastMed pipeline is beneficial from a security standpoint, Germany and other countries may feel that they are better off obtaining their natural gas needs from Russia or other means.

Effectiveness and Efficiency:

The effectiveness of this proposal can be determined by a decrease in the amount of natural gas that Europe imports from Russia. As mentioned earlier, if the EastMed pipeline can supply Europe with 4 percent of their annual natural gas imports, and if that 4 percent is all decreased from Russian imports,

⁵⁹ Nathalie Hinchey. "The Impact of Securing Alternative Energy Sources on Russian-European Natural Gas Pricing". *Energy Journal* 39, no. 2 (March 2018): 87-102.
<http://search.ebscohost.com/login.aspx?direct=true&db=eoh&AN=1707414&site=ehost-live&scope=site>.

then the EastMed and any subsequent pipelines that also can transport another 4 percent supply to Europe are effective at decreasing Europe's reliance on Russian natural gas.⁶⁰ Table 2 below is a good illustration to show that by increasing the amount of natural gas that can be imported from the Eastern Mediterranean, Russian imports can decrease. As can be seen from the table, if a series of pipelines

Table 2: Natural Gas Import Dependency Rates of Some EU Countries and Turkey- 2012⁶¹

Turkey	98%	Russia	Iran	Algeria	Others
		58%	18%	9%	15%
Spain	99%	Algeria	Nigeria	Qatar	Others
		42%	15%	12%	31%
Italy	90%	Algeria	Russia	Libya	Others
		32%	28%	10%	30%
Germany	86%	Russia	Holland	Norway	Others
		36%	26%	25%	13%

from the Eastern Mediterranean to Europe can reduce Germany, Italy, and other European countries dependency on natural gas from Russia, then it could be considered an effective policy by strengthening the diversification of natural gas imports. The effectiveness of the policy is strengthened if countries in Europe, such as Germany and Italy, do not increase their overall consumption of natural gas, otherwise the policy may not be very effective. For example, if Germany decides to keep importing the same amount of natural gas from Russia and also decide to import natural gas from the Eastern Mediterranean, thus increasing their overall amount of natural gas that they import, then the effectiveness of this policy is diminished since the goal is to reduce the amount of Russian natural gas. For the policy to be effective and considered a success, Germany would have to increase the amount of natural gas it would import from the Eastern Mediterranean and decrease the amount they import from Russia, thus reducing their reliance on natural gas imports from Russia.

⁶⁰ Scott Carpenter.

⁶¹ Abdullah Tanriverdi. "Eastern Mediterranean Natural Gas: Analyzing Turkey's Stance". *European Journal of Economic & Political Studies* 6, no. 6 (Winter 2013): 83-99. <http://search.ebscohost.com/login.aspx?direct=true&db-tsh&AN=101193088&site=ehost-live&scope=site>.

When looking at the efficiency of this proposal, it is important to look at what the potential costs are associated with building a pipeline through Greece, such as the EastMed pipeline, getting natural gas through an alternative route such as Turkey and the TurkStream pipeline, and building liquified natural gas terminals. The below table presents a good breakdown of the costs of building these different options. As can be seen, in terms of efficiency it would be best to build a pipeline from

Table 3: Different Export Options Cost & Revenue Comparison⁶²

POSSIBLE EXPORT OPTIONS	ESTIMATE COST \$ millions	ESTIMATED REVENUE \$ millions
Building an LNG Plant	\$12,600	\$50,148
Building a pipeline to Greece	\$19,510	\$54,541
Building pipeline to Turkey	\$4,780	\$69,271
DIFFERENCE TURKEY VS LNG	\$7,820	\$19,122

the Eastern Mediterranean through Turkey and on to Europe when looking to export natural gas from the region. However, Turkey is not a part of the Eastern Mediterranean Gas Forum and the EastMed pipeline, and Turkey has decided to pursue the TurkStream pipeline with Russia. Something to consider when looking at the efficiency of a pipeline through the Eastern Mediterranean is, as mentioned earlier, Turkey will most likely try to disrupt the construction and completion of the EastMed or any other pipeline as will be discussed in the political analysis below. While it may look that building LNG plants is more efficient based on the estimated cost, when comparing the cost to build and all of the security issues that come with shipping LNG from the Eastern Mediterranean to a port in Europe that can turn the LNG back into gas, it may actually not be more efficient. Although the building of LNG plants throughout Europe would be beneficial to the United States because the U.S. could then export more of its LNG that it has produced over the past several years, for the purpose of this policy proposal that

⁶² Ibid.

would not be efficient since it would not be shipping natural gas from the Eastern Mediterranean to Europe.⁶³ In order to achieve the long term goal and success of this policy proposal to reduce the reliance of Russian natural gas, it would be more efficient to build a pipeline from the Eastern Mediterranean since the supply of natural gas would be more of a reliable supply. In the long run, it may be more efficient to build the pipelines to Greece since the estimated revenues are greater and once the pipeline is built it can be shipped consistently with almost no supply interruptions or delays.

⁶³ Scott DiSavino. "U.S. LNG exports soar in 2019 but supply glut may await in 2020". Reuters. December 30, 2019. Available at: <https://www.reuters.com/article/us-usa-lng-record-graphic/u-s-lng-exports-soar-in-2019-but-supply-glut-may-await-in-2020-idUSKBN1YY09M>.

VI. Political Analysis

This policy proposal is politically achievable due to several factors that will be discussed below, but it is also important to mention some political realities that may cause the policy to be delayed or ineffective. The main political barriers tend to be more geopolitical in nature since, for the most part, the United States domestic political atmosphere is one of wanting to pressure and hold Russia accountable for increased malign behavior and expanding influence.⁶⁴ The histories of countries, geopolitical partnerships, and individual leaders of countries involved will all be factors to the success or disruption of this policy.

Eastern Mediterranean Gas Forum:

As mentioned previously, the United States already holds observer status of the Eastern Mediterranean Gas Forum.⁶⁵ If the United States decides to take a more active role in the Eastern Mediterranean Gas Forum by being a part of the energy summits and asking for full membership with a seat at the table, then it will be able to provide technical assistance, resources, and other expertise in order to ensure the successful construction of the EastMed Pipeline and any subsequent pipelines from the Eastern Mediterranean to Europe. Joining the Eastern Mediterranean Gas Forum does not require Congressional approval since it is not entering a treaty and is therefore not subject Senate ratification. The objective of joining the forum can easily be completed by the administration through a presidential proclamation or executive order once the parties of the Eastern Mediterranean Gas Forum agree on allowing the United States to join.

The political benefits of joining the Eastern Mediterranean Gas Forum is that the United States will be able to help strengthen the relationships of the other members, since many of the members in the

⁶⁴ Alex Johnson. "Senate Joins House in Overwhelmingly Passing New Russia Sanctions". NBC News. July 27, 2017. Available at: <https://www.nbcnews.com/news/us-news/senate-joins-house-overwhelmingly-passing-new-russian-sanctions-n787291>.

⁶⁵ Ahmed Ismail. "France asks to join Eastern Mediterranean Gas Forum". Reuters. January 16, 2020. Available at: <https://www.reuters.com/article/us-egypt-gas/france-asks-to-join-eastern-mediterranean-gas-forum-idUSKBN1ZF1V2>.

organization have a history of not cooperating politically and even engaging in active conflict against each other. Considering the member makeup of the Eastern Mediterranean Gas Forum, the United States has good relationships with just about every nation involved, with the majority of the cooperation being through security assistance to countries such as Israel and Egypt.⁶⁶ Israel, Egypt, Jordan, and the Palestinian Authority, are all members of the Eastern Mediterranean Gas Forum.⁶⁷ This is a big geopolitical accomplishment for the region considering that these nations have historically and politically not gotten along with each other, and have had armed conflict and high tensions in an area of the world that is already fairly volatile. The United States should take this opportunity to encourage more cooperation and cohesion among the Eastern Mediterranean Gas Forum members to help increase political collaboration, economic development, and prosperity for the region. Through active participation in the Eastern Mediterranean Gas Forum, the United States will be able to help bring together the participating countries to pursue their own financial interests while at the same time helping to facilitate a viable alternative to Europe for their natural gas imports.

Europe:

One of the goals of the policy proposal is to have Europe become less reliant on Russian natural gas due to the potential for Russia to exploit its soft power in order to influence or coerce policy in Europe and NATO that may be detrimental to the international organizations or beneficial to Russia. Russia has a habit of interfering in the political affairs of countries in Europe and around the world.⁶⁸ The United States and Europe share a close relationship with a history of helping each other out over the years. These relationships that have been built by average citizens and political leaders have led to, for the most part, the United States and Western Europe having a similar world view of which countries are

⁶⁶ Duncan L. Clark. "U.S. Security Assistance to Egypt and Israel: Politically Untouchable?" *Middle East Journal* 51, no. 2 (1997): 200-14. Available at: www.jstor.org/stable/4329053.

⁶⁷ Nimrod Goren. "Gas forum a diplomatic opportunity for Israel". The Jerusalem Post. February 8, 2020. Available at: <https://www.jpost.com/opinion/gas-forum-a-diplomatic-opportunity-for-israel-616948>.

⁶⁸ Marco Silva. "Is Russia trying to sway the European elections?". BBC. May 20, 2019. Available at: <https://www.bbc.com/news/blogs-trending-48296557>.

allies and which countries shouldn't be trusted. The United States and Europe agree that Russia and its expanding influence pose a threat to political, military, and economic security of the United States and Europe. This is why countries wish to join NATO and the NATO relationship remains relatively strong even though the Cold War has ended.⁶⁹ In fact, a recent study by Pew found that NATO is still viewed in a relatively favorable light by Europeans.⁷⁰ This means that most European countries understand the issue of relying on Russian natural gas imports to fulfill their energy needs and would be welcome to diversifying their natural gas imports if a viable alternative existed such as the EastMed pipeline through the Eastern Mediterranean Gas Forum.⁷¹ This helps lead to a high possibility of this policy being politically successful with the backing of European allies and consumers as well. However, countries will pursue their own self-interests due to ease of access or budgetary constraints. Although Germany is wary of Russian aggression and influence in Europe, they still approved both the Nord Stream and Nord Stream 2 pipelines because they recognized the fact that they need to be able to import cheap natural gas and it was more cost effective to approve and build these pipelines rather than building LNG terminals.

Another factor in the decision of whether or not to work with Russia comes from political relationships among country leadership. Using Germany as an example again, former German Chancellor Gerhard Schröder, who served as German Chancellor from 1998 to 2005, worked with Russia and other partners to lay the ground work and get approval for the first Nord Stream Pipeline.⁷² He now

⁶⁹ Jeremy Shapiro and Anna Newby. "Not ready for a post-American world: European views on NATO". Brookings. June 16, 2015. Available at: <https://www.brookings.edu/blog/order-from-chaos/2015/06/16/not-ready-for-a-post-american-world-european-views-on-nato/>.

⁷⁰ Moira Fagan and Jacob Poushter. "NATO Seen Favorably Across Member States". Pew Research Center. February 9, 2020. Available at: <https://www.pewresearch.org/global/2020/02/09/nato-seen-favorably-across-member-states/>.

⁷¹ Sarantis Michalopoulos. "EU welcomes EastMed gas pipeline deal as 'one option' to strengthen energy security". Euractiv. January 3, 2020. Available at: <https://www.euractiv.com/section/energy/news/eu-welcomes-eastmed-deal-but-highlights-further-cost-benefit-analysis/>.

⁷² Rick Noak. "He used to rule Germany. Now, he oversees Russian energy companies and lashes out at the U.S.". The Washington Post. August 12, 2017. Available at: <https://www.washingtonpost.com/news/worldviews/wp/2017/08/08/he-used-to-rule-germany-now-he-oversees-russian-energy-companies-and-lashes-out-at-the-u-s/>.

serves as chairman of the shareholders committee for Nord Stream AG.⁷³ Although Germany may have been warned at the time of the potential issues that could arise from being reliant on Russia for natural gas, the political reality ended up being that the project was approved for financial as well as political relationship reasons. This could cause a potential issue for the successful implementation of this policy due to the fact that there may be political pressure from former German leadership on current German leadership on finding alternative natural gas supplies.

Another possible political issue that involves leadership personalities and relationships that could have a negative impact on this policy proposal comes from the relationships between the President of the United States and European leaders. President Trump has been quite vocal on his criticism of NATO allies and their commitment to paying the agreed upon 2 percent of GDP on defense.⁷⁴ This, and other comments the President has made about the United States European allies have caused some European leaders to look at the current administration with skepticism about whether the United States will be the strong supporter of Europe that it has been in the past. The United States has had a strong, bipartisan, and public campaign against the completion of the Nord Stream 2 pipeline from Russia to Germany.⁷⁵ However, due to conflicts of personality at the leader level, Nord Stream 2 will proceed to completion after Denmark gave in and gave approval for the project after a public disagreement with the President of the United States.⁷⁶ These examples show how there can be some political difficulties of getting European members to join and approve of this policy due to political disputes among leadership. However, in the end countries recognize that they need to diversify their

⁷³ Nord Stream. Our Shareholders Committee. Available at: <https://www.nord-stream.com/about-us/our-shareholders-committee/>.

⁷⁴ Louis Nelson. "Trump Criticizes NATO member ahead of summit." Politico. July 9, 2018. Available at: <https://www.politico.com/story/2018/07/09/trump-criticize-nato-summit-702296>.

⁷⁵ Ron Johnson. "S.Res.27 – 116th Congress (2019-2020): A resolution calling for the prompt multinational freedom of navigation operation in the Black Sea and urging the cancelation of the Nord Stream 2 pipeline." Congress.gov. <https://www.congress.gov/bills/116th-congress/senate-resolution/27>.

⁷⁶ Morten Buttler, William Wilkes, and Anna Shiryaevskaya. "Denmark Snubs Trump With Approval of Russian Gas Pipe to Germany." Bloomberg Government. BGOV, October 30, 2019. <https://www.bgov.com/core/news/#!/articles/Q079BD6S974Z>.

supply of natural gas and if the EastMed pipeline and the Eastern Mediterranean Gas Forum can provide that source of natural gas and if it is economically viable, then it should be able to overcome any political hiccups that conflicting leadership personalities might have.

Russia:

One major factor to keep in mind when trying to determine the political success of this policy is the way that Russia will act and respond to the United States full support of the Eastern Mediterranean Gas Forum and the EastMed pipeline. Russia will essentially act how President Vladimir Putin wants since he has control over the country's political institutions as well as the energy institutions since Gazprom and other energy companies act similar to state run companies due to the close relationship between the political leaders and the leaders of the companies. One major factor that was mentioned before is that if Russia feels threatened by the EastMed pipeline and its supplies of natural gas to Europe, they will lower their gas prices significantly in order to ensure that they can still have their market access and drive out competition.⁷⁷ Putin would be able to do this because he would be able to direct Gazprom to take a loss in the short term in order to drive out the natural gas being supplied by the EastMed pipeline.

Another response by Russia to the construction of the EastMed pipeline, and any other subsequent pipelines, would be for Russia to construct new pipelines as well to give itself greater reach throughout Europe. One other pipeline that has been mentioned previously in this proposal is the TurkStream pipeline that goes from Russia, through the Black Sea, to Turkey. From there, Russia could decide to expand it and have it go through eastern Europe and into Western Europe as another way for them to export their natural gas and in an attempt to drive out competition. Russia has shown that they have the capability and will to maintain their hold on natural gas exports to Europe, so it should be

⁷⁷ Nathalie Hinchey. "The Impact of Securing Alternative Energy Sources on Russian-European Natural Gas Pricing". *Energy Journal* 39, no. 2 (March 2018): 87-102.
<http://search.ebscohost.com/login.aspx?direct=true&db=eoh&AN=1707414&site=ehost-live&scope=site>.

expected that they will have some type of response to how the United States approaches and engages with the Eastern Mediterranean Gas Forum. It is politically easier for Putin to direct the resources of the Russian government and Russia's natural gas industry to respond to U.S. movements than it is for the U.S. to act, so the policy has to be strategic and understanding of any potential actions taken by Russia to undermine the success and completion of this policy proposal.

Turkey:

Another important actor to the political success of this policy proposal that needs to be discussed is the continued actions and reaction of Turkey to the Eastern Mediterranean Gas Forum and the EastMed pipeline. Turkey is a strong economic and political player in the Eastern Mediterranean region, however, it was not invited to join the Eastern Mediterranean Gas Forum.⁷⁸ As mentioned earlier in the proposal, after the announcement of the EastMed pipeline, Turkey used its naval and political power to create a maritime agreement with Libya which would effectively try to cut off any pipeline construction from the Eastern Mediterranean gas fields to Greece.⁷⁹ President Erdogan of Turkey is doing this because Turkey was left out of the Eastern Mediterranean Gas Forum and because he wants to protect Turkey's interests and economic stability by ensuring that the TurkStream pipeline that is backed by Russia is used to deliver natural gas to Europe and not the proposed EastMed pipeline. Turkey's actions and responses as well as any joint actions and responses with Russia need to be carefully monitored and evaluated when determining the success or failures of this proposal. Even though Turkey is a NATO ally, in recent years they have not been acting in a way that a NATO ally should be and have increasingly shifted closer to Russia. Even though the United States and other NATO allies

⁷⁸ Selcan Hacaoglu. "How Turkey Is Spoiling Its Neighbors' Big Gas Plans". Bloomberg. December 10, 2019. Available at: <https://www.bloomberg.com/news/articles/2019-12-10/how-turkey-is-spoiling-big-plan-for-mediterranean-gas-quicktake>.

⁷⁹ Ariel Cohen. "Turkey-Libya Maritime Deal Upsets Mediterranean Energy Plan". Forbes. January 8, 2020. Available at: <https://www.forbes.com/sites/arielcohen/2020/01/08/turkey-libya-maritime-deal-upsets-mediterranean-energy-plan/#4e7007dc6bee>.

voiced their concerns and objections to Turkey purchasing the S-400 missile system from Russia, Turkey went ahead with the deal.⁸⁰

United States Congress:

In the United States Congress there is bi-partisan support for strong action against Russian aggression and interference both in Europe and in the United States. Both Senate Majority Leader Mitch McConnell (R-KY) and Speaker of the House Nancy Pelosi (D-CA-12) have called for the implementation and continuation of sanctions against Russia for its malign behavior.⁸¹⁸² Congress has passed bi-partisan sanction legislation against Russia such as the Countering America's Adversaries Through Sanctions Act which included heavy sanctions on Russia for a variety of areas including cyber security, crude oil projects, and financial institutions.⁸³ Any policy which takes a strong stance against Russia and attempts to restrict their influence around the world should be met with political approval from the majority of Congress. Even though this proposal does not require Congressional approval to be implemented, it is still beneficial to have political support from some Republicans and some Democrats in Congress when moving forward.

Another area of the proposal that Congress would be likely to support is the cooperation and growth of the Eastern Mediterranean region including Israel and Egypt. Congress has always been strong supporters and been generous with funding when it comes to security assistance to both Israel and Egypt.⁸⁴ The proposed policy proposal of joining the Eastern Mediterranean Gas Forum and helping with the development of the region and construction of the EastMed pipeline and any other subsequent

⁸⁰ Jonathan Marcus. "What Turkey's S-400 missile deal with Russia means for NATO". BBC. June 13, 2019. Available at: <https://www.bbc.com/news/world-europe-48620087>.

⁸¹ Seung Min Kim, Burgess Everett, and Austin Wright. "McConnell to Trump: Do not lift sanctions on Russia". Politico. January 27, 2017. Available at: <https://www.politico.com/story/2017/01/mitch-mcconnell-trump-russia-sanctions-234281>.

⁸² Nancy Pelosi. "Pelosi Statement on House Action on Russia Sanctions Bill". July 22, 2017. Available at: <https://pelosi.house.gov/news/press-releases/pelosi-statement-on-house-action-on-russia-sanctions-bill>.

⁸³ Public Law No: 115-44. August 2, 2017. Available at: <https://www.congress.gov/bill/115th-congress/house-bill/3364>.

⁸⁴ Duncan L. Clark. "U.S. Security Assistance to Egypt and Israel: Politically Untouchable?" *Middle East Journal* 51, no. 2 (1997): 200-14. Available at: www.jstor.org/stable/4329053.

pipelines should be political positives with Congress. Congressional support will be needed during appropriations season for funding for entities such as the previously mentioned International Development Finance Corporation (IDFC), if that entity will be used to help facilitate the development of the EastMed pipeline. However, getting political support for the IDFC should not be politically difficult considering the BUILD Act of 2018 which created the IDFC had bi-partisan support of eight Democrat, eight Republican, and one independent co-sponsors.⁸⁵

U.S. Domestic Politics and the 2020 Election:

This policy proposal has several positives for the current administration and the 2020 election. The main area it would affect has to do with Russia and the current administration. During the 2016 election and after, the President and his administration have been under fire for Russian interference in the 2016 presidential election and acquisitions of collusion.⁸⁶ This culminated in the appointment of a special counsel to investigate these allegations and resulted in the Mueller Report, which was released back in April of 2019.⁸⁷ Allegations of working with the Russian's or being weak on Russia have continued to follow the administration throughout the President's first term, so any action taken that is able to weaken Russia and attempt to stop them from being able to spread their influence would be a political positive and could be used as messaging during the upcoming 2020 presidential race. It could be politically beneficial to be able to point to concrete steps that are being taken to combat Russia's growing influence in Europe and to support our European allies by making them less reliant on Russia for their energy needs. One political issues that could arise from this policy for the President during the 2020 election with his base would be that people would want to know why the United States is spending

⁸⁵ Bob Corker. "S.2463 – 115th Congress (2017-2018): BUILD Act of 2018." Congress.gov. Available at: <https://www.congress.gov/bill/115th-congress/senate-bill/2463>.

⁸⁶ Jonathan Masters. "Russia, Trump, and the 2016 U.S. Election." Council on Foreign Relations. February 26, 2018. Available at: <https://www.cfr.org/background/russia-trump-and-2016-us-election>.

⁸⁷ Washington Post Staff. "The Mueller Report, annotated". April, 2019. Available at: <https://www.washingtonpost.com/graphics/2019/politics/read-the-mueller-report/>.

money to construct something in the Eastern Mediterranean for the benefit of Europe, and not spending the money domestically or selling our liquified natural gas to Europe.

This policy of supporting the Eastern Mediterranean Gas Forum and pipeline projects such as the EastMed pipeline should also be supported by U.S. energy companies that can help lead to stronger domestic support. In 2019, ExxonMobil discovered a large natural gas deposit off the coast of Cyprus in the Eastern Mediterranean, and Steve Greenlee, a VP at ExxonMobil, stated that the discovery was “encouraging” and that “The potential for this newly discovered resource to serve as an energy source for regional and global markets will be evaluated further”.⁸⁸ This can be seen as a good signal that U.S. energy companies such as ExxonMobil would be supportive of more U.S. engagement and action being taken in the Eastern Mediterranean, and that support may also translate into political support of any administrative action in the region or congressional action in the region that has to do with developing the natural gas exports. The President and this administration have been strong proponents of the domestic U.S. energy sector and ensuring that U.S. energy production increases so that it can export excess energy.⁸⁹ However, this policy could be a political success with U.S. energy companies even if it is not related to domestic supplies and production due to the opportunity to be involved in the development of the Eastern Mediterranean region.

Another area that this policy could help politically is that the majority of Americans still feel strongly about supporting Israel, with 59% of Americans supporting Israel and 76% of Republicans still supporting Israel.⁹⁰ Policies that could be seen as benefiting Israel and the region of the Eastern Mediterranean as a whole could be helpful in maintaining continued support among certain voting demographics. Even

⁸⁸ Nasos Koukakis. “ExxonMobil makes biggest natural gas discovery in two years off the coast of Cyprus”. CNBC. February 28, 2019. Available at: <https://www.cnbc.com/2019/02/28/exxonmobil-makes-big-natural-gas-discovery-off-the-coast-of-cyprus.html>.

⁸⁹ Kevin Freking. “Trump pushes ‘America First energy policy’ on Louisiana trip”. AP. May 14, 2019. Available at: <https://apnews.com/b75911009f0e4982b6557ccbb588f357>.

⁹⁰ Lydia Saad. “Americans, but Not Liberal Democrats, Mostly Pro-Israel.” Gallup. March 6, 2019. Available at: <https://news.gallup.com/poll/247376/americans-not-liberal-democrats-mostly-pro-israel.aspx>.

people who do not support Israel and support the Palestinian Authority instead may support this policy since the Palestinian Authority is a member of the Eastern Mediterranean Gas Forum, however they would still be unlikely to support the administration since the EastMed pipeline is primarily between Greece, Cyprus, and Israel.⁹¹

⁹¹ Angeliki Koutantou. "Greece, Israel, Cyprus sign East Med gas pipeline deal". Reuters. January 2, 2020. Available at: <https://www.reuters.com/article/us-greece-cyprus-israel-pipeline/greece-israel-cyprus-sign-eastmed-gas-pipeline-deal-idUSKBN1Z10R5>.

VII. Recommendation

I recommend that you approve of this policy proposal because supporting the Eastern Mediterranean Gas Forum and pipeline projects from the Eastern Mediterranean to Europe are in the United States best interest when it comes to reducing Europe's reliance on natural gas from Russia and helping to build common interests among the participating countries of the gas forum. This policy proposal is not without its risks and challenges; however, it is still a policy that the United States and Department of State should pursue.

As mentioned previously in the proposal, there are some issues to be wary about when moving forward toward implementation this proposal. The biggest cause for concern when implementing this foreign policy proposal is the actions that will be taken by both Russia and Turkey to interfere and reduce the impact that a successful Eastern Mediterranean Gas Forum and alternative source of natural gas for Europe would have on the existing status quo. Russia will want to ensure it keeps its market share and will probably reduce the price of their natural gas to entice countries to continue to use imports from them, since they have a history of doing this in the past with other Eastern European and former Soviet countries. Even though Russia relies on these exports for their own economic stability, due to the nature of Russian leadership and Putin's control over the government and energy industries, they can take short term losses by lowering the price of natural gas exports if they can ensure long term contracts with Western European countries and maintain their market share. Turkey, who views themselves as a regional power in the Eastern Mediterranean, will want to ensure that the EastMed pipeline does not get built so that they can build a continuation of the TurkStream pipeline on towards central and western Europe, and because they are not a part of the Eastern Mediterranean Gas Forum. The TurkStream pipeline and any action taken by Turkey may also be backed by or have Russian support since the TurkStream pipeline is a joint venture between Turkey and Russia, and Turkey has been

moving towards a closer relationship with Russia as can be seen by their decision to purchase the S-400 missile defense system from Russia.

With that being said, I still think that this policy proposal is worth pursuing for the United States government and the Department of State because it can achieve several policy and security goals against Russia and in the region. By supporting and joining the Eastern Mediterranean Gas Forum and supporting the construction of natural gas pipelines such as the EastMed pipeline, the United States will be able to help offer an alternative source of natural gas for European countries and help diversify their supply. This can help them to be less dependent on Russian natural gas, and in turn minimizes the potential risk of Russia increasing its influence over the countries that it exports natural gas to. Although many European countries are developing sustainable energy technology, most European countries still need to import and use natural resources such as natural gas and oil in order to fulfil their energy consumption needs. This proposal provides a realistic option for an alternate source of natural gas for our European allies so that they do not feel the need to pursue projects like Nord Stream and Nord Stream 2 in the future. This can help to strengthen the NATO alliance and U.S. relationship with our European allies while also limiting Russian influence and expansion in Europe.

Another positive outcome of this policy proposal that would help in United States foreign policy and security objectives is that it can use the Eastern Mediterranean Gas Forum to help build security and financial cooperation among its members in the Eastern Mediterranean region. The members who make up the gas forum have not been close allies in the past and have struggled with conflict and instability in their region for decades. This gas forum and U.S. participation can be used to help close the gap and help build better relations between U.S. allies like Israel and Egypt. By getting buy in from all of the members and help show the economic benefits of cooperating with each other, all members should be able to benefit financially from exporting natural gas to Europe as well as to their own countries for their

own needs. This can help to reduce the risk of instability and a rise of conflict in a region that is known for its instability and conflict.

A final reason why this policy proposal should be pursued comes from the domestic side. The American public and Congress want to see tough measures taken against Russia and have been supportive of sanctions that have been passed in recent years. There is congressional support for issues of energy and security as can be seen by the passing of the *Eastern Mediterranean Security and Energy Partnership Act of 2019* at the end of the last fiscal year. Congress wants to support our allies abroad while holding disruptive actors such as Russia and Turkey accountable for their actions and limiting their ability to spread their influence. This policy allows another way to be tough on Russia and supports allies such as Israel which continue to be important issues for Congress, the American public, and voters.

Curriculum Vitae

Salvador Ortega was born on July 6, 1994 in New York City, New York. He grew up moving around the country and attended high school in Bangkok, Thailand. After moving back to the US, he pursued his studies Georgia State University in Atlanta, Georgia where he received a Bachelor of Arts in History from Georgia State University in 2016. Throughout his undergraduate studies he spent summers working at the U.S. Embassy in Bangkok, Thailand and Gaborone, Botswana. In 2016 Salvador began his career in the United States Senate. He currently works as a Legislative Assistant at the United States Senate where he handles foreign policy, judiciary, and appropriations issues.